

March 16, 2020

It's really been an incredible time over the last few weeks with the events surrounding the coronavirus. This was all so unexpected and there are still so many unknowns about what the ultimate outcome will be. We, of course, all have concerns about the health of our loved ones, and with the recent stock market volatility, we understand how unsettling it can feel. Fear can even sometimes take over. We also understand that for many of you we manage your nest egg, which took a lifetime to build—we take great pride in that responsibility and know that you look for our guidance through challenging times like these. So I wanted to spend a couple of minutes to share with you how we think about the current state of the world and how your portfolio is positioned to withstand rocky times such as these.

Over the years, we have probably sounded like a broken record speaking about our concerns about the excesses in the investment universe, whether it was expensive stock and bond valuations, poor economic growth around the globe or the dangers inherent with money printing and ever increasing debt levels. We had no idea what the catalyst would be to turn the markets from an attitude of extreme complacency to one of shaken confidence, but we have increasingly felt that the market was becoming more vulnerable to tough times. So, over the years, we have continued to trim our stock exposure to the point where we have our lowest stock weighting in our history. Also, we are passionate about investing in different alternative asset classes beyond just stocks and bonds. The end result is that our portfolios have a much lower weight to traditional financial markets than most any other firm out there.

With this lower stock weighting, we were prepared ahead of time as opposed to reacting after the fact as many others are now forced to do. While the markets were ripping upwards last year with stocks up 30%, we did not follow the herd and chase returns but rather stuck with our discipline of maintaining a defensive posture even when everything seemed so rosy to most. Looking so different from the crowd is not always easy to do, and it's not just Morton Capital that deserves a pat on the back for having a more defensive approach. We couldn't do what we do without your partnership and support and your willingness to look different by investing in innovative and unique opportunities. It takes courage and discipline to not chase returns as others may have done, so you deserve accolades as well for sharing in our approach. Thank you for that.

As many of you know, we have an incredible team at Morton Capital, where we treat each other as family within our four walls and truly look out for one another. Please know that all of you are an extension of that. You are all an extended part of our family and are in our thoughts. Please know that we are here for you if you need anything. Times like these put our priorities into perspective. I know that the hugs I've been giving my wife and kids have been a bit tighter and longer than is typical. I hope that for all of you there is a silver lining in all of this as there's been for me. Thank you and be safe.



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